RAJYA SABHA

Monday, the 11th August, 1997/20 Shra-Sravana, 1919 (*Saka*)

The House met at eleven of the clock, **The Deputy Chairman** in the Chair.

ORAL ANSWERS TO QUESTIONS

Upgradation of old power plants

*261. SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE:†
SHRI RAJUBHAI A. PARMAR:

Will the Minister of POWER be pleased to state:

(a) whether Government have decided to upgrade the old power plants in place of putting up new ones, in order to augment power supply to make good the shortage; and

(b) if so, the broad features of the plan, if any, laid down for upgrading the old plants, sector-wise?

THE MINISTER OF STATE OF THE MINISTRY OF SCIENCE AND TECHNOLOGY AND THE MINISTER OF STATE OF THE MINISTRY OF POWER (SHRI YOGINDER K. ALAGH): (a) and (b) A Statement is laid on the Table of the House.

Statement

(a) and (b) Yes, Sir. Government has proposed to provide funds at concessional rate of interest through PPC for accelerating the generation programme which would also include R&M activities. Under the programme. PFC would lend money to the State Electricity Boards at interest rate which is propsed to be 4% lower than the normal rate of interest. A sum of Rs. 200 crores has been proposed for meeting the interest subsidy for the year 1997-98. A committee including representatives of CEA. BHEL, Planning Commission and PFC would monitor the progress of R&M programme.

In order to improve the performance of existing old thermal power plants, a programme for R&M was taken up in 1990-91 by the Government of India for implementation during the 8th Plan. Under this programme, 44 thermal power stations comprising 198 units aggregating to a total capacity of 20869.435 MW at an estimated cost of Rs. 2383 crores are covered. Similarly, 55 hydro schemes with an aggregate capacity of 9653 MW were identified which required renovation, modernisation and uprating. The total estimated cost of these schemes is Rs. 1493 crores.

Statement-I showing power stations targeted to be completed during the year 1997-98. State-wise is Annexed.

Statement I

State-wise targetted R&M works during the year 1997-98 (*Thermal Stations*)

Sl. No.	Name of Organisation/TPS	No. of activities expected to be completed during 1997-98	Funds required during 1997-98 (Rs. lakhs)
1	2	3	4
1.	DVB/IP Station	18	603
2.	HSEB/Faridabad	10	1750
3.	PSEB/Bhatinda	3	1350
4.	PSEB/Kota	5	137

†The question was actually asked on the floor of the House by Shri Sushilkumar Shambhajirao Shinde.

1	2	3	4
5.	UPSEB/Panki	14	7773
6.	MPEB/Amarkantak Rorba (East) Satpura .	41	4934
7.	GFB/Ukai, Gandhinagar Dhuveran, Wanakbori	24	3002
8.	MSEB/Nasik, Koradi Bhuswal, Parli. Paras, Chanderpur	22	2847
9.	TNEB/Fnnore	5	1633
10.	APSEB/Nellore	2	8193
11.	NBC (Neyveli)	50	5796
12.	WPPDC/Kolaghat	10	779
13.	DVC/Chanderpura, Durgapur . . .	15	663
	TOTAL :	219 Nos.	39460

(394.6 crores)

State-wise targetted R&M works during the year 1997-98 (*Hydro Schemes*)

State	Name of Scheme	Installed Capacity	1st. Cost (Rs. Crores)
Andhra Pradesh			
	Lower Sileru Srisailam . . .	4x115	13.35
	. . . . .	7x110	16.32
Gujarat			
	Ukai (Ul & 3)	4x75	20.17
Himachal Pradesh	sBassi	4x15	5.35
Karnataka			
	Sharavati (Ul to 8)	8x89.1	65
Maharashtra			
	Koyna-III (U 10-12)	4x80	0.80
Orissa			
	Hirakud-I (1&2)	2x37.5	90.26
	Hirakud-I Switchyard Equipment	..	9.85
	Hirakud-II	3×24	50
BBMB :			
	Dohar (U2, 3 & 4)	6×165	46
	Gangwal (U2)	2×24.2+ 1×29.25	18.90

SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE: Madam, on the eve of this session the Government had set up a Task Force headed by the Chairman, Central Electricity Authority, to evolve a new policy, which *inter alia* includes identification of additional projects to bridge the estimated gap of 10,000 megawatts of power by the end of Ninth Five Year Plan. While reviewing the power situation in the country the hon. Minister had stressed that it was more economical to augment power generation by modernisation and renovation of the existing power projects than by setting up new projects. May I know from the hon. Minister what the overall requirement of power was and what the shortfall of power was during 1996-97 and what the comparative figures for 1997-98 are. I would also like to know how far this gap can be bridged by better utilisation of the existing generation capacity by (1) improving the plant load factor, (2) reducing the transmission and distribution losses, and (3) renovation and modernisation of the existing plants.

SHRI YOGINDER K. ALAGH: Madam Chairperson, the 10,000-megawatt capacity that the hon. Member is referring to relates to capacities which, we hope, will be commissioned towards the end of the Ninth Five Year Plan or the beginning of the Tenth Five Year Plan. When we looked of the existing capacities, we felt that it was important to identify additional project proposals and to prepare for them so that we don't have a status where we don't have enough projects. Now as far as the energy deficit in this year is concerned, it is almost the same as that of last year. We have just recently looked at the July figures. For the first time in India the power production has gone up by 8.2% in June compared to June last year, after 21 months. In July it has gone up by 8.4 per cent. Yet, because of the increase in demand the energy deficit is still around nine per cent and the peeking deficit is around 18 per cent to 19 per cent. The increase in power generation is because of the improvement in plant load factor which has risen by one per cent in the last couple of years. Our target for this year is to have a growth rate of 7 per cent. In April and May our production had, in fact, gone down in one month and had gone up very marginally in the other month. Even if we are able to clock 8½ per cent plus, we will be able to have an aggregate growth rate of 7 per cent. Now what we have done is that we are placing funds at the disposal of the States from the special grant that the Finance Minister had given to us. There are some difficulties which they face in terms of making very specific commitments on rates of return or on receivables which make them ineligible for funding from the term-lending institutions. We are not relaxing them. But we would like them to discuss it with the Power Finance Corporation rather than setting a very specific target. We want the target to be fixed between the State Electricity Boards and the Power Finance Corporation. Now what this will mean is that we are hoping basically, in addition to the information that I have already given in the answer, to start renovation and modernisation of 56 plants as a whole in the thermal sector where we are hoping to put in around Rs. 2890 crores. This will effect 1,525 MW of power and when completed, it will give us 9,856 million units. But many of these projetcs will take 12 to 15 months to two years.

Depending on the progress, we shall try our level best to see that some of the projects are taken up this year.

SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE: Madam, I am happy to know that power generation in these two months was very good. But there was a fall when it was most needed in the months of April and May. But the Minister has already taken note of it and I am thankful to him for that. May I

know whether it is a fact that transmission and distribution loses in India, as a percentage to the total power generated, are around 22 per cent which is much higher than the average level of less than 10 per cent in most of the other countries where it ranges between 4 and 10 per cent? I had put this question in the last session. In Poland, it is 14 per cent. If so, how much of transmission and distribution losses are attributable to power thefts and to what level, in Indian conditions can transmission and distribution losses be brought down, say, by the end of the 9th Five Year Plan? What are the steps that are being contemplated in this direction? May I also know whether the accomplishment of the contemplated power grid is considered to be a major step in this direction? What steps are being taken towards the establishment of a well-coordinated NPG under the ensuing Plan? Thank you, Madam, for permitting me to put such a lengthy question.

SHRI YOGINDER K. ALAGH: This year, as far as power grid is concerned, we are specifically targeting to expedite the existing projects. The Chandrapur line which connects the Western grid with the Southern grid, I am happy to inform the Member, has been charged and we want to put it under commercial operation.

SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE: It is Chandrapur in Maharashtra?

SHRI YOGINDER K. ALAGH: Yes, from Maharashtra to Andhra — Ramagundam. Similarly, the 500 HDCV line from Vizag to connect the Eastern region with the Southern region, that is also completed. We want to expedite the Bongaigaon — Malda line so that the Eastern region gets connected with the North-East and similarly, the Sasaram line is planned to connect the East with the North. The power grid has adequate funds available with it. It has mobilised an international loan which it has got at attractive conditions, just a couple of weeks ago. As far as the whole question of transmission and distribution losses is concerned, as the hon. Member knows, technical losses are always less than 6 to 7 per cent and the rest are because of reasons like long transmission lines connecting rural areas. We do not always have metering systems at the lowest level and, of course, the fact is that power rates in rural areas are of a kind which do not necessarily give incentive to Electricity Boards. Now, in the loan assistance that we are giving this time, as I said, we are trying to emphasise on reforms. But it will be a case by case reform, rather than laying pre-set standards and insisting that the States immediately meet these standards. We want to push our reforms, and we have introduced a package for funds for transmission systems, particularly, metering. We want to introduce reforms at the lowest level. But I would sal, it is a problem which needs a coordinated effort and we need to make a beginning towards resolving it with the States.

THE DEPUTY CHAIRMAN: Shri Maheshwar Singh. But just a minute. I have got a very large number of questions relating to Question No. 261. I would like to tell the Members that tomorrow we are going to have a Short Duration Discussion or Calling Attention on power situation in India. The hon. Minister is giving us a background paper. I hope we will have a very good discussion. So, I feel it is better that not too many questions are asked today. These could be asked tomorrow.

श्री महेश्वर सिंह : मैडम उससे भी चर्चा में मदद होतोहोगी ।

उपसभापति : कुछ लीजिएं जरा ।

You don't have to thank me for a long question then. You ask a short question.

DR. ALLADI P. RAJKUMAR: I have a humble request, Madam. Almost all the States are reeling under power crisis. So, it should be given priority and there should be a discussion for at least two and a half hours. The Minister is agreeable for this discussion. And I would request if you could permit it before this session ends...

THE DEPUTY CHAIRMAN: I think you didn't hear what I said.

DR. ALLADI P. RAJKUMAR: I am sorry, Madam.

THE DEPUTY CHAIRMAN: What I said was that we were going to discuss it tomorrow. The Minister is sending us a background paper.

DR. ALLADI P. RAJKUMAR: I was just requesting the Minister to have...

THE DEPUTY CHAIRMAN: No. It is already decided. He agreed to it two weeks back. He offered to have a full-fledged discussion.

SHRI YOGINDER K. ALAGH: I would just like to clarify one thing, Madam. I am told that in a Calling Attention I have to restrict myself to two pages.

THE DEPUTY CHAIRMAN: You see, we are cutting into the Question Hour. Your statement for Calling Attention would be in two pages, but you can send a background paper. There is no harm. You can send it to them tonight so that they can read it.

श्री महेश्वर सिंह : उपसभापति महोदया, जो सूचना मंत्री महोदय ने सभा पटल पर रखी है उसमें यह कहा गया है कि कार्यक्रम के अंतर्गत पॉवर फाइनांस कार्पोरेशन राज्य बिजली बोर्डों को उस दर पर ब्याज प्रदान करेगी जो कि ब्याज की सामान्य दर से चार प्रतिशत कम प्रस्तावित की गई है। मैं आपके माध्यम से मंत्री महोदय से जानना चाहूंगा कि प्रदेशवार किस योजना के लिए आपकी इस योजना के अंतर्गत बिजली बोर्डों ने धनराशि प्रदान करने का आग्रह किया है और प्रदेशवार किस-किस योजना के दिया गया है ?

श्री योगेन्द्र कुमार भगतराम अलघ : महोदया, 4 योजनाएं गुजरात में हैं, 6 मध्य प्रदेश से, महाराष्ट्र से 12, बंगाल 6, डी. वी. सी. को 6, बिहार से 3. देखिए, कुछ योजनाओं में एक योजना में ढाई सौ करोड़ होता है तो यह नंबर से काम नहीं चलता, अगर माननीय सदस्य चाहें तो मैं उनको यह इन्फार्मेशन सेपरेट्ली दे दूंगा।

श्री महेश्वर सिंह: ठीक है।

श्री योगेन्द्र कुमार भगतराम अलघ : लेकिन मैं यह आश्वासन देना चाहता हूं कि अगर कोई राज्य का बोर्ड रेनोवेशन और माडर्नाइजेशन प्रोग्राम टेक्नीकली बनाए और अगर वह जो हम कंडीशंस रखना चाहते हैं कुछ थोड़ा सिस्टम्ज इम्प्रूव करें, कम से कम एक साल में अभी पॉवर का टैरिफ रेव्यू तो करें। अगर वह कंडीशंस हमारे साथ मान जाये तो हम उनको लोन का प्रावधान जरूर करेंगे।

SHRI SANJAY DALMIA: Madam, there are so many plants all over the country being run by State Electricity Boards where the plant load capacity is less than 50 per cent. I would like to know how many plants of what capacity are there which are running at below-50 per cent plant load capacity. If there are many plants with a lot of under-utilised capacity, not because of any other reason but because of not being run properly, then would the Government like to have a scheme in which the Indian private sector could be brought into the picture where they could be given these plants either on lease or on management-basis for five to ten years, because investment for upgrading it from 50 per cent to 70 per cent will be less than Rs. 3 crores per

megawatt as against Rs. 3 crores which you would have to incur for putting up a new plant of whatever standard capacity? Is there any scheme under which the Government of India can work with the State Government, get a list of such old plants and offer them to the private sector for upgradation so that the capacities can be raised to 50-60 per cent at a very nominal price and in a faster way?

WELCOME TO TURKISH PARLIAMENTARY DELEGATION

THE DEPUTY CHAIRMAN: Hon. Members I have a announcement to make.

We have with us, seated in the Special Box, Members of a Parliamentary delegation from Turkey, currently on a visit to our country under the distinguished leadership of His Excellency, Mr. Mustafa Kalemli, Speaker of the Turkish Grand National Assembly.

On behalf of the Members of the House and on my own behalf, I take pleasure in extending a hearty welcome to the Leader and other Members of the delegation and wish our distinguished guests an enjoyable and fruitful stay in our country. We hope that during their stay here they would be able to see and learn more about our parliamentary system, our country and our people, and that their visit to this country will further strengthen the friendly bonds that exist between India and Turkey. Through them we convey our greetings and best wishes to the Grand National Assembly and the friendly people of Turkey.

ORAL ANSWERS TO QUESTIONS— *Contd.*

SHRI YOGINDER K. ALAGH: Madam, we have a policy for encouraging the private sector to enter into arrangements with the State Electricity Boards for renovation and modernisation programmes and for contract arrangements to run them. In fact, there are relaxations for a project of less than Rs. 500 crores which is a fairly large sum for any renovation and modernisation programme. Even the approval of the CEA is not required for involving the private sector. We do not also insist on international competitive bidding if there are capital investments in such projects.

There are a fairly large number of plants where the plant load factor is less than 50 per cent. At present, in respect of most of the large plants, we have prepared renovation and modernisation programmes. The CEA, in consultation with the State Electricity Boards, has now identified a number of plants, which are old for more than 20 years and where the capacity levels are less than 200 MW. There are 70 such units with a capacity of around 4,000 MW in respect of which we are trying to prepare R&M plans. We have also prepared R&M plans in respect of power plants which were set up from the late seventies'. BHEL's Standard 210MW generators are some of them. We have also identified about 100 units of those which now need larger maintenance effort. I hope that with our efforts the State Electricity Boards will get into a continuous process of maintenance and refurbishment.

SHRI SANJAY DALMIA: Madam, I wanted to know... (*Interruptions*)...

THE DEPUTY CHAIRMAN: Now, Shri Sanatan Bisi.

SHRI SANJAY DALMIA: Madam, I wanted to know... (*Interruptions*)...

THE DEPUTY CHAIRMAN: Let Mr. Bisi speak now. I have called his name. If the House wishes, we can have a discussion on this tomorrow.

SHRI SANJAY DALMIA: Madam, I wanted to know the capacity involved.

SHRI SANATAN BISI: Madam, the answer is a departure from the question in view of a Economic survey. As per the survey in 1996-97, an action plan has been drawn up to improve the performance of the power sector in a phased manner. This involves short-term, medium-term and long-term measures and covers both physical and financial aspects of generation, transmission and distribution of power. The short-term measures

include overhauling and mainteance of boilers, optimal operations of the regional grids, significant improvement in the plant load factor of the thermal power plants,.. *(Interruptions)*...

THE DEPUTY CHAIRMAN: Please put a question. You are known for your short and straight questions.

SHRI SANATAN BISI: Madam, there are short-term, medium-term and long-term measures. I want to know the short-term and medium-term measures. For that, I feel that what I am saying is relevant. Madam, a significant improvement of PLF of thermal power station can be effected through medium-term measures like proper maintenance and planning. In the long-term, the availability factor of the older thermal power plants can be improved by appropriate renovations and modernisation. What I want to say is that the question is regarding upgradation of old power plants. The answer is not like that. I took time for that purpose, Madam.

SHRI YOGENDER K. ALAGH: I don't want to repeat the details that I have given on the short-run programme of rehabilitation and modernisation. As regards other short-run programmes,—also on transmission because it will be repeating the details again—that we have, we are trying to persuade the States to invest some more money in identified and projectised small hydel projects, particularly those on canal bench because they can get into operation in the next couple of years. Beyond that, we have the liquid fuel plants, where 12,000 MWs of capacity has been sanctioned, and these also we are hoping we will get into operation in the short-run. In the medium-term, it is our intention that during this year, we will approve—I agree with the hon. Member that these are the kind of questions we can discuss in detail—but very briefly peaking, we want to expedite approval of power projects in the medium-term so that by the end of the year we have sufficient capacities approved so that the entrepreneurs can put up power capacities in the Ninth Five Year Plan, and for that, we are trying to put down decision-making guidelines.

SHRI DIPANKAR MUKHERJEE: Madam, the Government deserves to be praised that at least a committee has been made now, as is given in the reply, for monitoring this progress of renovation and modernisation or upgradation of power plants. The focus, I hope, now will be shifted from IPPS to the upgradation of old power plants which is 30 per cent less cost involved intensive rather than a new plant. This was started in the Seventh Plan itself. My question is, this renovation and modernisation programme has started from the Seventh Plan, Eighth Plan and Ninth Plan. The main constraint has been the financial allocation. In the Seventh Plan and the Eighth Plan, the financial allocation had been only two per cent of the total power sector. How much allocation is going to be made now, if this is the major focus for power generation improvement in the Ninth Plan? That is my question.

THE DEPUTY CHAIRMAN: It is a pointed question.

SHRI YOGINDER K. ALAGH: For the existing projects which have spilled over from the Eighth Five Year Plan where it did take the Power Finance Loan. I mean that were not able to approve as many projects as we wanted to, a provision of Rs. 1,639 crores has been made in terms of loan assistance, after reviewing their latest costs. Then as I said, this year, in the additional funds that we are trying to mobilise for this, we want to get involved in 56 plants which will cover 1,525 MWs and where we are providing for Rs. 2,890 crores of loan money of

which Rs. 1,931 crores will be the PFC's funds. The question is on the money given and I am giving you the exact figures.

SHRI DIPANKAR MUKHERJEE: Out of the total allocation of the power sector in the Seventh and Eighth Plan, only two per cent was allocated for this purpose. What is the percentage allocation of the total money allocated for power sector in the Ninth Plan so far as renovation and modernisation is concerned? In the Seventh and Eighth Plans it could not give the desired reults because it was two per cent only.

SHRI YOGINDER K. ALAGH: Madam Chairperson, the exact outlines of the Ninth Five Year Plan have to be decided by November, but what I am requesting the hon. Member is to please listen to me. What I am saying is this. Any State which is willing to take up a renovation and modernisation programme, we will fund it. For all the projects that we have right now, we have provided the funds. This is what I would call a fully-funded sector.

THE DEPUTY CHAIRMAN: It is open-funded.

SHRI YOGINDER K. ALAGH: We give very high priority to this and we have money for this purpose.

THE DEPUTY CHAIRMAN: He says, it is an open funding. I think, we have taken enough time on this.

PROF. RAM KAPSE: There was an observation by the hon. ex-Finance Minister, Mr. Manmohan Singh, that in the last five years we opened up for MNCs to come and help us in power projects but we could not get the results. Therefore, we are lagging behind as far as electricity consumption is concerned. I would like to know from you as to what your opinion is on this issue and how we are going to make it up in the next two to three years, as far as losses incurred are concerned. We did not spend from the Government funds but we depended more on the MNCs and we could not get the results, that was his observation. I would like to know from the Minister about the position as of today.

उपसभापति : डा० मनमोहन सिंह तो यहां बठ हैं ।

PROF. RAM KAPSE: I have read in the newspapers and I have spoken to him also afterwards.

SHRI YOGINDER K. ALAGH: It took the Government sometime to operationalise the details of a policy which encourages private investment in the power sector. In the last year, apart from the steps which have been taken earlier on power tarif agreements, a procedure for international competitive bidding, policies for R&M and so on, I am not trying to take credit but the only point I am making is that a consequential programme has been made. What we are trying to do, of course, is also to encourage the public sector with the resources that it has to invest in power. That is why, after almost more than three years, two of the NTPC projects have been approved and zero date for construction has started. We are encouraging them with the remaining projects; they have to see that they get approval during this year with the funds they have plus whatever funds we can leverage for this purpose. However, private investment is also extremely important and that is where we give high priority to the fact that we should try and get approved this year both counter gurantee projects as well as MOU and mega projects which we have in hand.

So, we are thinking of a mix of larger involvement by the power sector and we are also trying to expedite clearances taking advantage of the policy measures already enunciated for private sector and international investment in the sector.

THE DEPUTY CHAIRMAN: I think, we have taken almost half-an-hour on this question. We will accommodate the rest of the Members tomorrow at the discretion of the Chair.